STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2008 (In Thousands)

		BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS								
	MAJOR									
		STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS		NON-MAJOR		TOTALS		GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts from federal and local agencies	\$	-	\$	308,568	\$	-	\$	308,568	\$	-
Receipts from customers		2,341,730		1,611,452		768,085 4,629		4,721,266		1,435,285
Membership dues Payments to employees		(15,195)		-		4,629 (16,970)		4,629 (32,165)		(204,644)
Payments to suppliers		(51,559)		_		(613,674)		(665,233)		(639,894)
Payments to prize winners		(1,391,666)		_		(010,014)		(1,391,666)		(000,004)
Payments for commissions to retailers		(215,860)		_		_		(215,860)		-
Claims paid		-		(2,369,584)		_		(2,369,584)		(426,913)
Other receipts		-		33,916		227		34,143		178
Other payments		-		(3)		(1,597)		(1,600)		(8,114)
Net cash provided (used)										
by operating activities	\$	667,450	\$	(415,652)	\$	140,699	\$	392,497	\$	155,897
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Advances from federal government	\$	-	\$	1,079,400	\$	-	\$	1,079,400	\$	-
Advance repayments to federal government		-		(717,000)		-		(717,000)		-
Interest paid		-		(10,812)		-		(10,812)		-
Loans or loan repayments from other funds		-		-		-		-		5,407
Loans or loan repayments to other funds		-		-		-		.		(14,152)
Specific tax on spirits		-		-		13,663		13,663		-
Transfers from other funds		(754 500)		(40.000)		(404.700)		(000.040)		14,093
Transfers to other funds		(751,529)		(13,683)		(161,730)		(926,942)		(1,333)
Net cash provided (used) by noncapital financing activities	\$	(751,529)	\$	337,905	\$	(148,067)	\$	(561,691)	\$	4,015
CASH FLOWS FROM CAPITAL AND RELATED		<u>-</u>								
FINANCING ACTIVITIES	•	(500)	•		•		•	(500)	•	(07.750)
Acquisition and construction of capital assets	\$	(583)	\$	-	\$	-	\$	(583)	\$	(67,756)
Interest paid		-		-		-		-		(252)
Capital lease payments (including imputed interest expense)								_		(3,000)
Proceeds from sale of capital assets		_		_		_		-		(3,000)
Net cash provided (used) by capital										04
and related financing activities	\$	(583)	\$		\$		\$	(583)	\$	(70,944)
CASH FLOWS FROM INVESTING ACTIVITIES										
Proceeds from sales and maturities of										
investment securities	\$	76,870	\$	68,340	\$	-	\$	145,210	\$	-
Purchases of investment securities		-		-		(1,088)		(1,088)		-
Interest and dividends on investments		3,063		1,227		2,192		6,482		3,521
Income from securities lending activities		13,009		-		-		13,009		-
Expenses from securities lending activities		(10,262)		-				(10,262)		-
Net cash provided (used)										
by investing activities	\$	82,680	\$	69,566	\$	1,104	\$	153,350	\$	3,521
Net cash provided (used) - all activities Cash and cash equivalents	\$	(1,981)	\$	(8,180)	\$	(6,264)	\$	(16,426)	\$	92,489
at beginning of year - restated		3,555		18,483		58,558		80,596		142,078
Cash and cash equivalents										
at end of year	\$	1,573	\$	10,303	\$	52,293	\$	64,170	\$	234,566
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The accompanying notes are an integral part of the financial statements

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2008 (In Thousands)

BUSINESS-TYPE ACTIVITIES ENTERPRISE	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS							
MAJOR	MAJOR							
MICHIGAN STATE UNEMPLOYMENT LOTTERY COMPENSATION FUND FUNDS NON-MAJOR	TOTALS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS						
RECONCILIATION OF CASH AND CASH EQUIVALENTS								
Per Statement of Net Assets Classifications:	0.040	r 400						
Cash \$ 2 \$ 7,417 \$ 893		\$ 496						
Equity in common cash 3,508 2,886 55,057	,	234,679						
Warrants outstanding (1,937) - (3,656		(609)						
Cash and cash equivalents at end of year \$\\\\$1,573 \\\\$10,303 \\\\$52,293	\$ 64,170	\$ 234,566						
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES								
Operating income (loss) \$ 745,186 \$ (390,303) \$ 146,003	3 \$ 500,885	\$ 21,516						
Adjustments to Reconcile Operating Income								
to Net Cash Provided (Used)								
by Operating Activities:								
Depreciation expense 134 - 9	9 143	47,770						
Amortization of prize award								
obligation discount (20,700) -	- (20,700)	-						
Other reconciling items 120 -	- 120	4						
Net Changes in Assets and Liabilities:								
Inventories 198 - (4,361	1) (4,163)	2,088						
Other assets (net) (9,352) (53,489) 4,327		775						
Accounts payable and other liabilities (511) 28,134 (5,205		83,745						
Prize awards payable (47,624) -	- (47,624)	-						
Deferred revenue - 7 (74		_						
Net cash provided (used)								
by operating activities <u>\$ 667,450</u> <u>\$ (415,652)</u> <u>\$ 140,699</u>	9 \$ 392,497	\$ 155,897						
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES Cost of capital assets acquisitions								
financed by capital leases \$ - \$ - \$	- \$ -	\$ 4.990						
Capital lease liabilities entered	•	Ψ 1,000						
into during the year	_	(4,990)						
Increase (decrease) in fair value		(1,000)						
of investments 4,895 -	- 4,895	_						
Transfers to other funds (accrual) (11,735) (993)	- (12,728)	-						
Gain (loss) on disposal of capital assets - 3,636	- 3,636	(11)						
Total noncash investing, capital,	3,000							
and financing activities \$ (6,840) \$ 2,643 \$	- \$ (4,197)	\$ (11)						